

THE ELASTIC CURRENCY DELUSION.

Wednesday afternoon's break in prices on the Stock Exchange was merely the bursting out, in an acute form, of the suppressed fear which has pervaded Wall street ever since doubts began to be entertained of the soundness of the Republican party on the money question. It is conceded that the Democratic party, at their Convention at Chicago next month, declare for the free coinage of silver at the ratio of 16 to 1, and while it is highly probable that the Republican Convention, to be held to-morrow at St. Louis, will pronounce substantially against it, and for maintaining the gold standard, the prevailing uncertainty prevails in regard to the matter, which renders men's minds sensitive to the slightest ripple of alarm and unable to resist the least attack upon the values of securities.

It was demonstrated in this column last Monday, by census statistics, that the interests of this Northern section of the Union incline to an almost solid support of the gold standard, while the advocacy of silver comes chiefly from the newer and comparatively poorer section of the South and West. The Northeast is not only in the accumulations of a long career in wealth-producing, but also in the position of producing more wealth. While the majority of the citizens of the South and West are still in debt for their farms and their plantations, and for their improvements generally, the Northeast has long ago passed that stage, and has acquired a position of wealth in the South and West, manufacturing industry, as compared with agriculture, occupies but a small part of the population, the reverse is true of the Northeast. Hence, in the one the debtor element predominates, and in the other the creditor.

It is not, however, a great many years since even the extreme Eastern States were in a condition of poverty and debt similar to that which now marks the South and West. New England after the close of the Revolution complained as bitterly of hard times and of the oppression of money lenders as Kansas and Colorado do at this day. In the extreme Eastern States, the paper money was made that the Populists are asking Congress to make now. As, too, thrift and enterprise brought greater prosperity to New England, they brought also more sober financial convictions, and the burden of bankruptcy and debt repudiation fell upon New York, New Jersey, and Pennsylvania. These States, in turn, gradually rose above the cloud in which they were enveloped by the failure of the United States Bank, and by the collapse of the real estate speculation, and turned to furnish New York, Ohio, Illinois, Michigan, Indiana, and Wisconsin, which furnished in those States just before the late war, and the greenback craze which succeeded it, many of us remember only too well. These same States have since become rich, and consequently sounder in their financial views, and the same soundness has been passed on to the States which were then debtors and creditors, and between the sacred maintenance of contract obligations on the one side and their repudiation on the other, has been transferred to the States lying further West and further South.

While, therefore, the money in the payment of debts and in the maintenance of the standard according to which they were contracted, for which the Northeast is at present contending, stands morally higher than the repudiation efforts of the West and South, the contest for it by no means indicates the supremacy of purely moral motives. The money in the Northeast is not the righteousness of self-denial and self-sacrifice, but the outcome of a very natural and not blameworthy desire of creditors to get what belongs to them and to keep it. Were we in the same straits in which our Western and Southern citizens are, there is no reason to believe that we should be any more zealous than they are to fulfill to the letter burdensome obligations. A great deal is said in this section against the "cheap money" craze which has infected the Southern and Western mind, and yet those of our capitalists and financiers are clamoring for an "elastic" currency, which is no less vicious, and, in principle, no less dishonest than silver would be under free coinage.

The cry for elastic currency proceeds, in the first instance, from the officers and stockholders of incorporated banks. These men are the beneficiaries of their divine right to a monopoly of the issue of the paper money of the country that they denounce as robbery the competition of the Government in the business, and demand peremptorily that it should cease. Their proposition is, that the \$500,000,000 of legal tender now outstanding shall be funded into bonds, on which the Government shall pay interest, while the banks shall be allowed to issue in its place their notes, secured only by their own credit, and costing nothing but the expense of engraving and printing. These notes they would lend out as money, and receive interest on them to the extent of \$200,000,000, and perhaps \$300,000,000, a year, all of which would be clear profit. The prize is worth struggling for, but the struggle for it cannot be called disinterested. This demand of the banking interest is backed up by needy borrowers, who, like similar borrowers in the West and South, rebel against every limitation upon their borrowing capacity, and welcome every enlargement of it. The defect in the present currency system of which they most complain, is, what they call its rigidity. When, for example, currency is needed in the agricultural districts, at harvest time, to move the crops, the need has to be supplied from the great financial centres, of which this city is the chief. The banks here are called upon by their out-of-town depositors to furnish them with money, and a much smaller amount of loans in the shape of legal tender notes, the withdrawal of it depletes the bank reserves and requires a contraction of loans to replenish them. This pinches borrowers, and hence their complaints. The obvious and sensible course to take is for the banks to issue their own notes, by either course, less some of the profits they are now making. If, during eight months of the year, they kept any considerable amount of legal tender notes, or of their own notes, idle in their vaults, in order to meet a demand for currency during the other four months, they could be deprived of interest for the eight months, and the whole amount thus locked up. Borrowers, also, object to having their accommodations restricted for the whole year, in order that the harvest demand for the four months during which it lasts may be met.

To avoid this unpalatable consequence, the banks and their customers propose the removal of the restriction now placed upon the issue of bank circulation by requiring it to be secured by Government bonds. Then, when currency is wanted it could, they say, be created for the occasion without delay, and, what is more important, without expense to the banks. At present the process of buying bonds and depositing them as security is both costly and slow. To create by means of it currency to be used in July it must be begun in May, and thus two months of interest on the money lent has to be sacrificed. If currency could be issued without depositing bonds it could be made for any length of time without loss, and thus its volume would be limited only by the demand for it.

It is sufficient to say of this plausible scheme that it has been tried in Germany, where it has been tried for years, and with every great civilized country, including our own, and that its restoration would be as much of a step backward as the restoration of silver to free and unlimited coinage. Great Britain in 1844 summarily rejected, as far as it could without involving serious rights, the idea of paper money by banks, and ever since then its currency has been rigidly and inflexibly limited to the amount then in existence. In Great Britain, too, as in this country, a special demand for currency springs up every harvest time, besides having there another, from which we are free, at Christmas. To provide for both these demands the Bank of England draws upon its reserves, and for the slight shrinkage of loans which results preparation is made both by it and its customers, so that no inconvenience is felt from it. In Germany, where the country's supply of currency is always ample for the needs of its citizens. In Germany

and in Austria very nearly the same system prevails, and no part of Europe is in the right of creating currency debased, as it is here, to several thousands of little banks, scattered over the country, and each one acting independently of the others. We have so far reformed our system that we require the notes issued by our banks to be secured by Government bonds. The next step should be to suppress them altogether and to supply their place with coin and government paper exclusively. It is possible that in the approaching Republican Convention, as well as in the Democratic Convention, an effort will be made to adopt a resolution favoring an increase of banking circulation, and the repeal of the present provision of law requiring that circulation to be secured by Government bonds. Already several State Conventions, Republican as well as Democratic, have at the East, have declared in favor of the measure, while at the same time they have condemned the free coinage of silver. Those who take these two positions are, of course, unconscious of their inconsistency, and of the close relationship that exists between an inflation and dilution of the currency by means of unsecured silver, and a similar inflation and dilution by means of a bank circulation unrestricted by the exaction of security in the shape either of coin or of Government bonds. As the exports of gold to Europe show, we have already a larger volume of paper money than the country can carry safely, and to open a way for making it still larger, by indefinite issues of bank notes, would be a calamity little short of that which would result from the substitution of the silver standard for that of gold.

MATTHEW MARSHALL.

FINANCIAL AND COMMERCIAL.

New York Stock Exchange—Sales and Range of Prices on All Securities Dealt in During the Week Ending June 13, 1896.

UNITED STATES AND STATE BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	U. S. 4's, 1897	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1902	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1907	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1912	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1917	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1922	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1927	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1932	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1937	100 1/2	100 3/4	100 1/2	100 3/4
100	U. S. 4's, 1942	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 4's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 5's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 6's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 7's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 8's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 9's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 10's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 11's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 12's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 13's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 14's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 15's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 16's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 17's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 18's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 19's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 20's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 21's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 22's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 23's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 24's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 25's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 26's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 27's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 28's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 29's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 30's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 31's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 32's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 33's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 34's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 35's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 36's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 37's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 38's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 39's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 40's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 41's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 42's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 43's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 44's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 45's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 46's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 47's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 48's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 49's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 50's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 51's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 52's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 53's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 54's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 55's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 56's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 57's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 58's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 59's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 60's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 61's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 62's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 63's	100 1/2	100 3/4	100 1/2	100 3/4

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 64's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 65's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 66's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 67's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 68's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 69's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 70's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 71's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 72's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 73's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 74's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 75's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 76's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 77's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 78's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 79's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 80's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 81's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 82's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 83's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 84's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 85's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 86's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 87's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 88's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 89's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 90's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 91's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 92's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 93's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).

Sales.	Name.	Open.	High.	Low.	Close.
100	Atchafalpa 94's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 95's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 96's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 97's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 98's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 99's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 100's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 101's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 102's	100 1/2	100 3/4	100 1/2	100 3/4
100	Atchafalpa 103's	100 1/2	100 3/4	100 1/2	100 3/4

RAILROAD AND OTHER BONDS (In \$100,000).